

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1926 – SB 2287

March 13, 2016

SUMMARY OF BILL: Prohibits the Department of Human Services (DHS) from withholding any portion of funds collected for the purpose of child support for any reason, including but not limited to, for payment of fees owed by the obligee.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$87,500/One-Time
\$1,723,300/Recurring**

**Increase Federal Expenditures -- \$169,900/One-Time/Child Support
Enforcement Fund**

Assumptions:

- The federal government currently requires states to centralize the collection and disbursement of certain child support orders and requires a \$25 annual user fee on individuals utilizing the centralized system, unless such individuals have received assistance under the Temporary Assistance for Needy Families (TANF) program.
- The user fee is to be assessed after \$500 is collected in child support during a federal fiscal year.
- The proposed legislation would require DHS to cover the cost of the fee unless the non-custodial parent has paid all child support owed to date and paid the fee.
- In FY14-15, DHS collected \$1,723,275 of which 66 percent was required to be returned to the federal government.
- Under current practices, DHS retains 34 percent of the \$25 fee collected to maintain the Child Support program.
- The proposed legislation would no longer allow DHS to maintain the Child support program by utilizing the \$25 fee that is currently recorded as service revenue.
- Recurring appropriations will be made to sustain the Child Support program.
- The recurring increase in state expenditure for maintaining the Child Support program is estimated to be \$585,914 ($\$1,723,275 \times 34$ percent).
- A recurring increase in state expenditures estimated to be \$1,137,361 ($\$1,723,275 \times 66$ percent) to reimburse the federal government.
- The total recurring increase in state expenditures is estimated to be \$1,723,275 ($\$585,914 + \$1,137,361$).

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- The proposed legislation would impact current fee collection processes and require modifications in the Tennessee Child Support Enforcement System.
- The one-time increase in state expenditures associated with system modifications is estimated to be \$257,439 (3,900 contract hours x \$66.01 per hour).
- Of this amount, \$87,529 would be state dollars (\$257,439 x 34 percent) and \$169,910 would be federal dollars (\$257,439 x 66 percent).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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